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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6120
RUEHBJ/AMEMBASSY BEIJING 3810
RUEHKO/AMEMBASSY TOKYO 3669
RUEHIT/AMCONSUL ISTANBUL 4362
RUEKJCS/JOINT STAFF WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 1409
RUEHVEN/USMISSION USOSCE 4294

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SIPDIS

STATE FOR SCA/CEN; EEB;
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: DECL: 01/13/2020
TAGS: [EPET](#) [ECON](#) [PGOV](#) [EINV](#) [BTIO](#) [TX](#)
SUBJECT: MARATHON OIL EYEING TURKMENISTAN

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

¶1. (C) Marathon Oil, the fourth largest U.S. oil company, is trying to establish a foothold in the Turkmen energy market. The company has yet to open an office in Turkmenistan, but it does have a locally-employed representative based in Ashgabat. The company first appeared in Turkmenistan in July 2007, when it proposed a project to convert natural gas into easily transportable fuels, including gasoline. In 2009, the company began testing the commercial feasibility of this Gas-to-Fuel technology (GTF) in the company's traditional markets before presenting the Government of Turkmenistan with an official GTF proposal.

¶2. (C) According to a company rep, Marathon plans to parlay a GTF project into a potential gas development deal. The rep noted that Marathon is actively seeking agreements for developing onshore fields, despite the Turkmen Government's numerous recommendations for a proposal to develop one of the offshore blocks located in the Caspian Sea. She added that Marathon does not consider offshore blocks as attractive as onshore fields, based on geological data that the Turkmen Government provided to potential investors.

¶3. (C) The company rep reported some traction with the Turkmen Government regarding an onshore gas development proposal submitted in November 2009, on the margins of the Turkmenistan International Oil and Gas Exhibition (TIOGE). She reported that during TIOGE they were able to meet with Deputy Chairman Baymyrat Hojamammedov, who reportedly was very supportive of Marathon's proposal. The project would involve the development of an underdeveloped onshore gas field other than the much sought after South Yoloten gas fields. She could not provide further details on the project, but indicated that Marathon would not agree to a service contract to develop gas fields. Instead, the company planned to pursue a production sharing agreement.

¶4. (C) COMMENT: Like most international oil companies (IOC), Marathon's current proposal is aimed at securing a

partnership to develop proven onshore gas deposits, rather than an onshore service contract or on offshore agreement. At the same time, Marathon's approach is different than other IOCs eyeing Turkmenistan in that it is pursuing a value-adding gas to fuel project as part of the process. Marathon hopes that a willingness to pursue this project might also result in a future onshore deal. END COMMENT.
CURRAN